

# FINANCING GREEN

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Panelist / Presenter:

**Kim Du'Prey**

Senior Funding Manager

Illinois Finance Authority

**Panel: “Financing Your Sustainability Project”**

2<sup>nd</sup> Annual – “Sustainable Schools Symposium”

Walter Payton Prep High School, Chicago, IL April 9, 2010

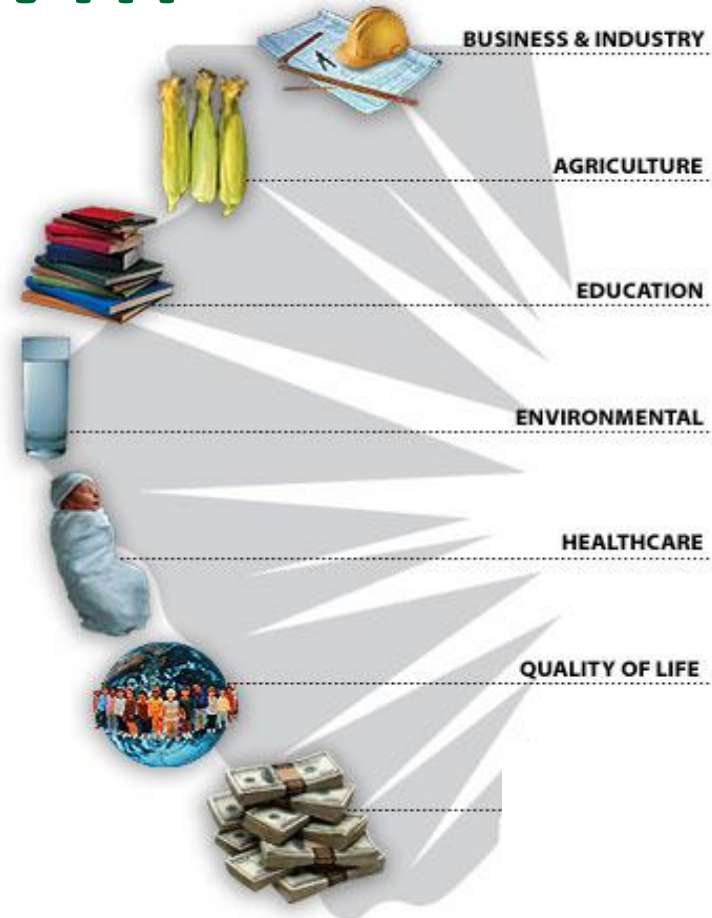
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# HELPS BUILD PARTNERSHIPS TO FINANCE GROWTH

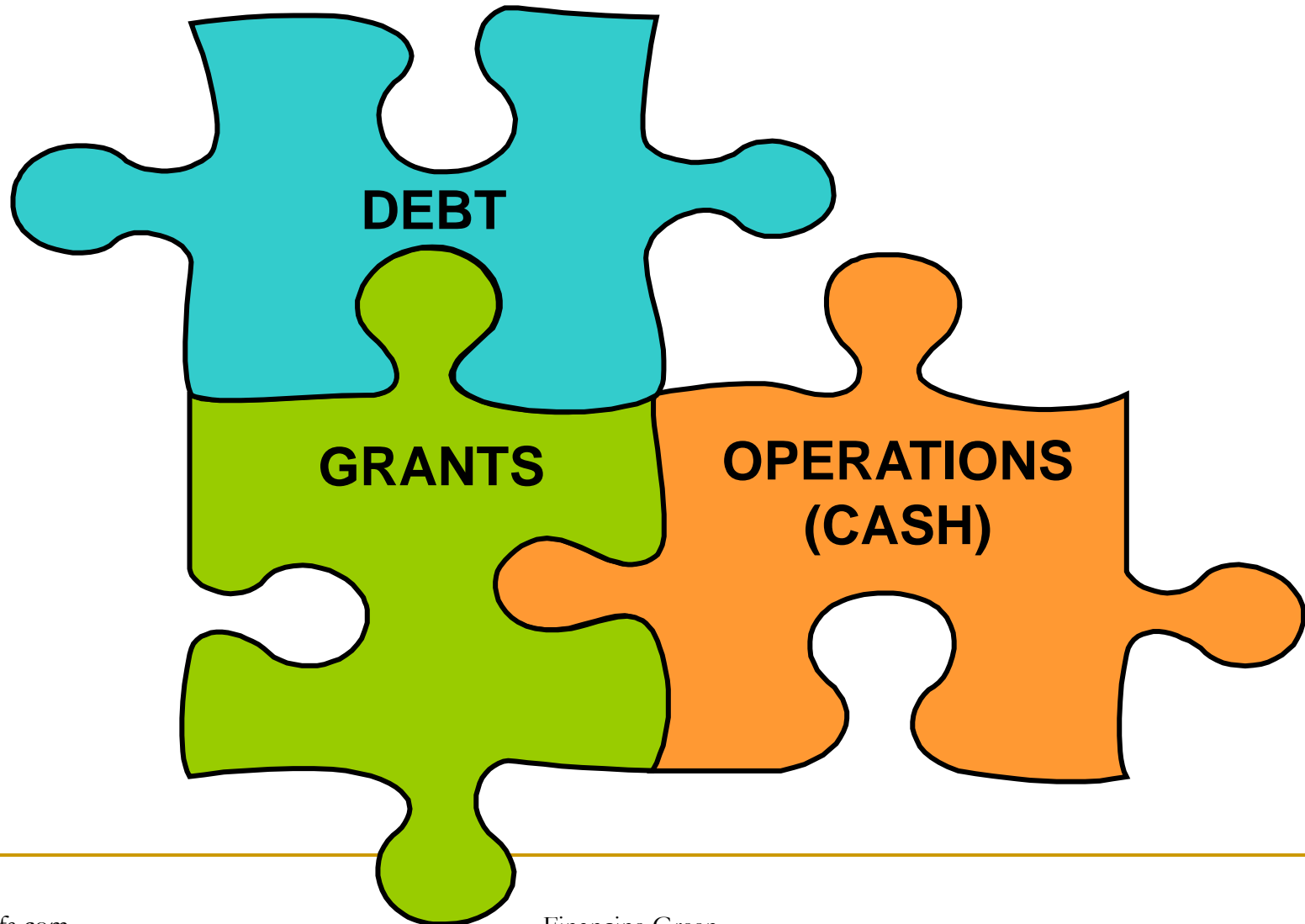


## Serving:

- ❑ Businesses
- ❑ 501(c)(3)'s
- ❑ Local Governments
- ❑ Agriculture
- ❑ Energy Development



# FUNDING PROJECTS



# LOCAL GOVERNMENT BOND FINANCING PROGRAMS



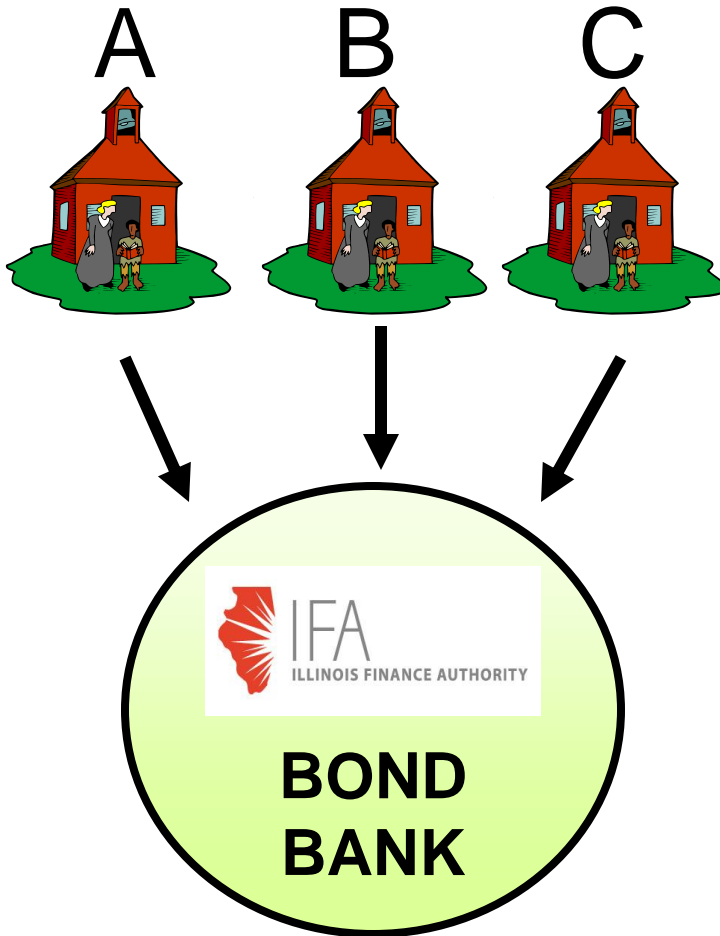
## ■ CONDUIT FINANCE

- ❑ Competitive & Negotiated
- ❑ Double Tax Exempt Financing

## ■ POOLED BOND ISSUANCE

- ❑ Double Tax Exempt Financing
- ❑ Funded Debt Service Reserve Fund
- ❑ Intercept Agreement
- ❑ GENERAL OBLIGATION
- ❑ ALTERNATE REVENUE GO
  - Uses Full Faith and Credit as backup (annual abatement)
  - Debt is serviced by revenues from projects
  - Must prove 1.25% Debt Coverage on all outstanding Alternate Revenue debt
- ❑ Moral Obligation Backing by the State

# THE PROGRAM AND POOLING LOWERS COSTS



## BOND BANK BENEFITS:

- Economies of Scale
  - Aggregation, *Shared* Cost Of Issuance
- IFA Funded Debt Service Reserve
- Double Tax Exempt Financing
- Credit Enhancement of State's MO
- Payment Security Mechanisms
  - State Intercept Agreement
  - Reserve Funds
- IFA Administrates Underwriting Process

# AGENCIES COORDINATING TOGETHER IN GREEN



IFA's Coordinated Effort with State and Federal Agencies to Fund the Creation and Implementation of Energy Conservation and Renewable Energy Projects.

- ❑ **IL Department of Commerce and Economic Opportunity (DCEO)**
- ❑ **IL Environmental Protection Agency**
- ❑ **Department of Energy (DOE)**



# GREEN LEGISLATION

## Federal



- **American Reinvestment and Recovery Act, ARRA**
  - Economic Incentives: Federal & State Grants, Rebates (Energy Star, “Cash for Caulkers”) Loan Guarantees, Financing, Tax Credits

# DCEO GRANT PROGRAM

## PUBLIC SECTOR PROGRAM:

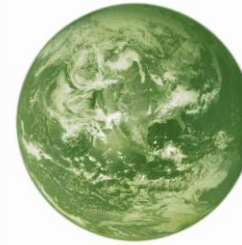
### ■ Electrical Efficiency Portfolio (EEPS)

- Ongoing (Not ARRA)
- Administered by DCEO - Funded by ComEd / Amren
- Contact: Andrea Reiff: [andrea.reiff@illinois.gov](mailto:andrea.reiff@illinois.gov)
- Website: [www.illinoisenergy.org](http://www.illinoisenergy.org)

Year	Funding Level	DCEO Share
2008	\$53.2 million	\$12.9 million
2009	\$111 million	\$26.8 million
<b>2010</b>	<b>\$172 million</b>	<b>\$41.6 million</b>
2011 +	\$235 million	\$57 million



# GREEN LEGISLATION STATE OF ILLINOIS



- ❑ **SB 1906:** IFA's Bonding Auth / MO Application
  - Loans guaranteed by a pledge of the State's additional security or Moral Obligation for renewable energy and coal projects up to \$3 billion.
- ❑ **SB 390:** IFA's Financing of Clean Coal, Coal, Energy Efficiency, and Renewable Energy Project Financing
- ❑ **SB 583:** "Property Assessed Clean Energy" Bonds (PACE) for residential and commercial property owners financing Energy Efficiency improvements

# HOW PACE WORKS



City or  
County  
creates a  
SSA District

Property  
owners  
voluntarily  
sign-up for  
financing and  
install energy  
projects

City or County  
Issues SSA  
Tax Secured  
Bonds  
  
Proceeds  
goes to  
property  
owner to pay  
for energy  
project

Property  
owner repays  
Bonds through  
Property Tax  
bill  
  
(up to 20 yrs)

# LEGISLATIVE FINANCING TOOLS:



## APPLICATION BY CLASSIFICATION

### ENERGY EFFICIENCY

Examples:

Insulation

Windows, Doors &  
Skylights

HVAC

Lighting

Reflective Roofs

### RENEWABLE ENERGY

Examples: Wind

Solar/  
Photovoltaic

Hydro

Nuclear

Agri-Based Fuels

Geo-Thermal

### MICRO R.ENERGY

Solar  
Photovoltaic  
Geo-thermal


SB 1906 / SB 390 – State of IL MO Credit Enhancement

US DOE – Federal Guarantees

SB 583 / SB 2505 - St of IL MO Credit Enhancement

# ENERGY EFFICIENCY FINANCING MATRIX



	Governments	Not-For-Profits	Business & Industry
ESCOs	X	X	X
State Loan Guarantees	X	X	X
Dual Exemption	X		
State and Federal Grants	X	X	X
Industrial Revenue Bonds (IRBs)			X

# STATE'S COMPETITIVE SUBMISSIONS WITH THE DEPARTMENT OF ENERGY



- **\$75 Million “Rebuilding Illinois Program” for the Energy Efficiency Retrofit Ramp-up**
  - State’s submission lead by the Illinois Energy Office (DCEO) in partnership with the Illinois Finance Authority and Midwest Energy Efficiency Alliance to provide financing and retrofit the Public, Private, Not-For-Profit, Residential and Commercial sectors throughout IL.
- **IFA as a Delegated Lender for the DOE**
  - Providing approximately \$3 Billion\* in Federal loan guarantees to renewable energy project (\$150 million maximum project amount through a Delegated Lender)

\* = finances up to \$300 Billion in project amounts

# IFA ENERGY PROGRAM CONTACTS



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